

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Runner Analyst: Deborah Barrett Bill Number: SB 222
Related Bills: See Legislative History Telephone: 845-4301 Introduced Date: 02-15-2005
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Privacy/Security of Social Security Numbers

SUMMARY

This bill would add sanctions to existing law that prohibit acts compromising an individual's social security number.

PURPOSE OF THE BILL

According to the author's staff, the purpose of this bill is to protect individual privacy.

EFFECTIVE/OPERATIVE DATE

This bill would become effective January 1, 2006, and would apply to violations that occur on or after that date.

POSITION

Pending.

ANALYSIS

STATE LAW

Current state law prohibits a person or entity from the following:

- Publicly posting or displaying in any manner an individual's social security number,
- Printing or embedding an individual's social security number on any card required for the individual to access products or services provided by the person or entity
- Requiring an individual to transmit a social security number over the Internet unless the connection is secure or the social security number is encrypted,
- Requiring the use of a social security number to access an Internet Web site unless a password or personal identification number or authentication device is also required for access,
- Printing social security numbers on any materials that are mailed to the person unless required by federal or state law or the materials are to confirm the accuracy of the social security number, and
- In the instances where the use of a social security number meets the exceptions contained in this section, a social security number cannot be printed on a postcard or other mailer that does not require an envelope or would make the social security number visible without the envelope being opened.

Board Position:

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_____ N	_____ OUA	<u> X </u> PENDING

Department Director

Date

Gerald H. Goldberg

3/16/05

Current law allows the collection, use, and release of a social security number as required by federal law or the use of a social security number for internal verification. Current law also permits the display of social security numbers that are required by specific statute, case law, or California Rule of Court to be made available to the public. The provisions described above are operative with respect to the Franchise Tax Board on and after January 1, 2007.

Current state tax law provides for fines and imprisonment for the unlawful disclosure of tax returns and return information. Current federal tax law provides that the unlawful disclosure of tax returns and return information is punishable as a felony.

THIS BILL

This bill would make any violation of the social security number disclosure statute a misdemeanor. The punishment for violation of these statutes would include a fine between \$1,000 and \$1,500, imprisonment in the county jail from four days to six months or both the fine and imprisonment.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department's programs and operations.

LEGISLATIVE HISTORY

SB 168 (Bowen, Stats. 2001, Ch. 720) prohibited any person or entity, not including a state or local agency, from using an individual's social security number in certain ways, including posting it publicly or requiring it for access to products or services.

AB 763 (Liu Stats. 2003, Ch. 532) provided that in the circumstances a social security number was permitted to be mailed, the social security number could not be mailed on a postcard or other mailer, or be made visible on the envelope without the envelope having been opened.

SB25 (Bowen Stats. 2003, Ch. 907) extended requirements restricting use of social security numbers to state and local agencies, subject to specified exceptions or delayed operative dates.

OTHER STATES' INFORMATION

The states surveyed include *Florida, Illinois, Massachusetts, Michigan, Minnesota, and New York*. These states were selected due to their similarities to California's economy, business entity types, and tax laws. All these states had varying versions of privacy policies and limitations on uses of social security numbers; however, only *Michigan* includes sanctions for violations of the laws. *Michigan* provides that the disclosure of more than four sequential numbers of an individual's social security number can be punishable as a misdemeanor with fines up to \$1,000, or up to 93 days in jail. *Michigan* also provides for civil action by an individual whose social security number has been compromised.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT none

This bill would not impact the state's personal income tax revenues.

LEGISLATIVE STAFF CONTACT

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